

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN JOE MCKENNEY**, on February 14, 2003 at 8:02 A.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Joe McKenney, Chairman (R)
Rep. Jim Keane, Vice Chairman (D)
Rep. Donald Steinbeisser, Vice Chairman (R)
Rep. Bob Bergren (D)
Rep. Rod Bitney (R)
Rep. Sylvia Bookout-Reinicke (R)
Rep. Nancy Fritz (D)
Rep. Dave Gallik (D)
Rep. Kathleen Galvin-Halcro (D)
Rep. Ray Hawk (R)
Rep. Bob Lawson (R)
Rep. Rick Maedje (R)
Rep. Gary Matthews (D)
Rep. Scott Mendenhall (R)
Rep. Penny Morgan (R)
Rep. Allen Rome (R)
Rep. Sandy Weiss (D)
Rep. Bill Wilson (D)

Members Excused: None.

Members Absent: None.

Staff Present: Bart Campbell, Legislative Branch
Pamela Schindler, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed. The time stamp for these minutes appears at the end of the content it refers to.

Committee Business Summary:

Hearing & Date Posted: HB 564, HB 576, HB 577, 2/11/2003
Executive Action: HB 519-Tabled, HB 543-Tabled,
HB 576-Tabled, HB 577-Do Pass

HEARING ON HB 577

Sponsor: REP. JOHN BRUEGGEMAN, HD 74, Polson, Montana

Opening Statement by Sponsor:

REP. BRUEGGEMAN opened the hearing on HB 577 by stating that this bill would address the way certain entities can provide insurance; known as a Reciprocal Insurer. This bill makes a change in the eligibility criteria for organizing as said, Reciprocal Insurer.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 78}

Proponents' Testimony:

Dick Brown, Montana Healthcare Association (MHA), informed the Committee that his organization was started in 1992 with three hospitals.

Mr. Brown is also the administrator of the MHA Worker's Compensation Trust. The MHA Worker's Compensation Trust was started in January of 1992 by three of Montana's community hospitals. Since that time the Trust has grown to a membership of 13 hospitals with over 4,000 employees. The Trust members are all nonprofit health care organizations.

Mr. Brown continued to give further testimony as to why his organization is in support of HB 577.

EXHIBIT (buh33a01)

{Tape: 1; Side: A; Approx. Time Counter: 78 - 130}

Angela Huschka, Montana State Auditor's Office (SAO), stated to the Committee that the State Auditor's office is in support of HB 577. After an inquiry by the MHA, the State Auditor's Office researched the reciprocal insurance language of other Western States. At that time, SAO found that the language in Montana is "pretty much" a NAIC model of reciprocals. Seven of the Western states have similar language to Montana's. Ms. Huschka continued to speak about the other state's language regarding reciprocal insurance.

{Tape: 1; Side: A; Approx. Time Counter: 130 - 160}

Opponents' Testimony:

Jacqueline Lenmark, American Insurance Association, expressed her Association's concern about HB 577; stating this would require that if a reciprocal is formed in this arrangement, they will be obligated to become a member of the Property and Casualty Guaranty Fund. Thereby, allowing only three entities to write one line of insurance in one state to become a member of the Montana or Western States Guaranty Association. Ms. Lenmark expressed further concerns about the solvency issue, guaranty fund issue and the belief that all insurance companies will be exposed.

{Tape: 1; Side: A; Approx. Time Counter: 160 - 250}

Roger McGlenn, Independent Insurance Agents Association of Montana, stated that he has the same concerns of Ms. Lenmark.

{Tape: 1; Side: A; Approx. Time Counter: 250 - 262}

Greg VanHorsen, State Farm Insurance, stated to the Committee that he also agrees with Ms. Lenmark's concerns and is in opposition of this bill

{Tape: 1; Side: A; Approx. Time Counter: 262 - 270}

Informational Testimony: None

Questions from Committee Members and Responses:

REPS. GALLIK, MATTHEWS, MENDENHALL, KEANE questioned Ms. Huschka, Mr. Brown and **REP. BRUEGGEMAN** extensively about the solvency issue, the guaranty fund, number of employers as members and the diversity of the companies that form a group, premium prices and finally, the increased amount of money from payroll taxes that would be allocated to the General Fund.

{Tape: 1; Side: A; Approx. Time Counter: 270 - 487}

Closing by Sponsor:

REP. BRUEGGEMAN stated to the Committee that currently the hospitals that are involved in the State of Montana are nonprofit corporations and are the largest employers in the small communities. These hospitals are looking for some flexibility and to be able to give better dividends to their employees. Finally, with this bill, the hospitals can provide more payroll taxes to the State.

{Tape: 1; Side: A; Approx. Time Counter: 487 - 500}

HEARING ON HB 564

Sponsor: **REP. MONICA LINDEEN, HD 7, Huntley, Montana**

Opening Statement by Sponsor:

REP. LINDEEN explained to the Committee that this bill is about a worker-training program. This bill will attract more good paying jobs to the State of Montana by providing work-force training incentives to businesses who want to transfer or relocate to the State, thereby helping Montana's economy. Presently, Montana is the only state that does not have a worker-training program.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 57}

Proponents' Testimony:

Dave Gibson, Governor's Office on Economic Development stated, that with this bill, the State will improve it's productivity and by improving productivity, the economy is improved.

Mr. Gibson explained what businesses would qualify for this program. These businesses must meet one of these criteria; they must be a value-added business, or they must be a business that adds a significant impact to the community. In addition to those criteria, the businesses must be able to come up with a "match", the "match" in this legislation is set at one to three. For every \$3 that the businesses get, they must come up with \$1. These businesses must also create at least 10 new jobs with these jobs must paying at least 110% of the State's average.

The maximum grant award is \$5,000 per employee, with the grant to be capped in 10 years. The businesses must pay back these grants to the State Treasurer if the business fails. The new jobs must be for full-time and year-round employees and the business must be a new company.

The Committee was shown how the "flow" of the funds would work, along with the tax rate averages.

EXHIBIT (buh33a02)

{Tape: 1; Side: B; Approx. Time Counter: 57 - 303}

SEN. MANGAN, SD 23, informed the Committee that in his mind, this is a primary bill of this session. This is the result of efforts of many cities. He suggested that there may be amendments to this bill at a later date.

{Tape: 1; Side: B; Approx. Time Counter: 303 - 341}

Andy Poole, Montana State Department of Commerce, informed the Committee that his office had previously received some money from the Department of Labor and started a pilot program to try and address this very issue. Mr. Poole listed companies that have benefitted from this program. This program was funded by using Federal monies; not State money.

{Tape: 1; Side: B; Approx. Time Counter: 341 - 441}

Mike Murray, Lewis and Clark County Commissioner, stated to the Committee that he is in support of this, but asked that they look at Section 4 regarding the five-member Review Committee. Mr. Murray suggested that the Review Committee not be comprised solely of State employees and that business owners be appointed to some portion of the Review Committee.

{Tape: 1; Side: B; Approx. Time Counter: 441 - 500}

Jerry Driscoll, AFL-CIO, informed the Committee that his organization supports this bill and also supported the suggestion of business owners sit on some portion of the Review Committee.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 13}

Joe McClure, Big Sky Economic Development Authority, reiterated to the Committee that Montana is the only State in the country that does not have a work-force training program. Mr. McClure then related an incident that happened recently in Billings involving Dell Computers and their relocation to Twin Falls, Idaho instead of Billings.

{Tape: 2; Side: A; Approx. Time Counter: 13 - 49}

Ingrid Childress, State of Montana Department of Labor and Industry, spoke in support of this bill.

{Tape: 2; Side: A; Approx. Time Counter: 49 - 74}

Vince Ruegamer, Big Sky Economic Development Authority, supports HB 564 and stated that this program will make Montana more competitive with other states.

{Tape: 2; Side: A; Approx. Time Counter: 74 - 98}

John Kramer, Great Falls Development Corporation, spoke extensively to the Committee regarding the economic development that Great Falls is experiencing. Mr. Kramer spoke at length about the labor studies, diversification and private versus public training.

EXHIBIT (buh33a03)

{Tape: 2; Side: A; Approx. Time Counter: 98 - 221}

Arlene Parisot, Office of the Commissioner of Higher Education, supported this bill but also suggested that private sector candidates be selected for part of the Review Committee.

{Tape: 2; Side: A; Approx. Time Counter: 221 - 247}

Evan Barrett, Butte Local Development Commission, rose in support of HB 654.

{Tape: 2; Side: A; Approx. Time Counter: 247 - 260}

Jani McCall, City of Billings and Deaconess Clinic-Billings, informed the Committee that the organizations she represents are also in support of this bill.

{Tape: 2; Side: A; Approx. Time Counter: 260 - 272}

Web Brown, Montana Chamber of Commerce, spoke in support of this bill.

{Tape: 2; Side: A; Approx. Time Counter: 272 - 280}

Carol Donaldson, First Interstate Bank, informed the Committee that the business she represents has 58 branches in Montana and Wyoming; three-quarters of those branches are in Montana. First Interstate supports HB 564.

{Tape: 2; Side: A; Approx. Time Counter: 280 - 292}

Riley Johnson, National Federation of Independent Businesses, rose in support of this bill.

{Tape: 2; Side: A; Approx. Time Counter: 292 - 302}

Charles Brooks, Billings Chamber of Commerce, Yellowstone Board of County Commissioners, informed the Committee that these organizations are in support of HB 564.

{Tape: 2; Side: A; Approx. Time Counter: 302 - 315}

Gary Amestoy, Richland County Economic Development, stated to the Committee that Richland County supports this bill.

{Tape: 2; Side: A; Approx. Time Counter: 315 - 336}

Cary Hegreberg, Montana Contractors Association, stated to the Committee that his organization supports this bill.

{Tape: 2; Side: A; Approx. Time Counter: 336 - 341}

Haley Beaudry, Workforce Investment Board, spoke in favor of this bill.

{Tape: 2; Side: A; Approx. Time Counter: 341 - 349}

Sue Mohr, Montana Job Training Partnership, stated to the Committee that her organization is a private nonprofit corporation and staff the two local investment boards. She spoke in favor of this bill and also in favor of the private sector being involved and the workforce investment board also being involved in the Review Committee process.

{Tape: 2; Side: A; Approx. Time Counter: 349 - 390}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

REPS. KEANE, BOOKOUT-REINECKE, MORGAN, RICE-FRITZ, GALLIK, MCKENNEY, and MENDENHALL questioned the sponsor and Mr. Kramer about adding a member of the private sector to the Review Committee, adding a Native American to that same Committee, and would there be enough money to fund all of the grants that will be requested and summarily, the repayment plan procedure.

{Tape: 2; Side: A; Approx. Time Counter: 390 - 500}

{Tape: 2; Side: B; Approx. Time Counter: 0 - 216}

Closing by Sponsor:

REP. LINDEEN closed the hearing on HB 564 by saying to the Committee, "this is not my bill, this is everyone's in the State of Montana."

{Tape: 2; Side: B; Approx. Time Counter: 216 - 232}

HEARING ON HB 576

Sponsor: REP. ROSALIE BUZZAS, HD 65, Missoula, Montana

Opening Statement by Sponsor:

REP. BUZZAS testified to the Committee that this bill would eliminate the Office of Economic Development, saving \$1.6 million from the General Fund.

Some of issues raised by the sponsor included; what is the role of government in economic development, what level of resources should be committed by the State, why isn't the Department of Commerce covering the same interests and finally, **REP. BUZZAS** stated that economic development should happen at the local and regional levels, not at the State level.

{Tape: 2; Side: B; Approx. Time Counter: 232 - 347}

Proponents' Testimony: None

Opponents' Testimony:

Dave Gibson, Governor's Office of Economic Development, spoke extensively to the Committee rebutting the statements made by the sponsor.

{Tape: 2; Side: B; Approx. Time Counter: 347 - 500}

{Tape: 3; Side: A; Approx. Time Counter: 0 - 80}

Mark Simonich, State of Montana Department of Commerce, testified to the Committee that of the \$80 million budgeted for his department, not all was spent on economic development or business assistance. Over \$50 million was spent on the Federal Housing programs that are operated out of the Department of Commerce. This Department is also responsible for low-income housing, financing for health facilities around the State, planning and trade assistance, and funding small business development centers of which there are 10 throughout the State.

{Tape: 3; Side: A; Approx. Time Counter: 80 - 140}

Evan Barrett, Butte Local Development Commission, stated to the Committee that economic development is a solution to the budget problems Montana is currently suffering. This opponent distributed to the Committee 62 letters in support of the Office of Economic Development.

EXHIBIT (buh33a04)

{Tape: 3; Side: A; Approx. Time Counter: 140 - 170}

John Youngberg, Montana Grain Growers, stated to the Committee, "this is not our father's business world." **Mr. Youngberg** further stated, that Montana languishes at the bottom or near the bottom of many employment and income categories. The Office of Economic Development functions as a clearing house for the various questions that are being asked by potential businesses interested in relocating to Montana.

{Tape: 3; Side: A; Approx. Time Counter: 170 - 209}

John Kramer, International Economic Development(IED), and the Great Falls Economic Development Committee, made extensive statements to the Committee regarding the surveys that IED develops; the surveys show that Montana is not on corporate America's mind. He also reiterated to the Committee the various reasons why Montana ranks so low.

{Tape: 3; Side: A; Approx. Time Counter: 209 - 287}

Web Brown, Montana Chamber of Commerce, informed the Committee that the Office of Economic Development works very closely with the private sector.

{Tape: 3; Side: A; Approx. Time Counter: 287 - 303}

Joe McClure, Big Sky Economic Development Authority, informed the Committee that every successful state measured by state median wages has a targeted economic development effort directly connected to the Executive Office.

{Tape: 3; Side: A; Approx. Time Counter: 303 - 323}

Vince Ruegamer, Big Sky Economic Development Authority, stated to the Committee that his organization supports the OED and urged the Committee vote against this bill.

{Tape: 3; Side: A; Approx. Time Counter: 323 - 351}

Gary Amestoy, Richland County Economic Development Corporation, stated to the Committee that the town of Sidney would not have the new Anheuser-Busch Malt Barley Grain Plant without the OED support.

{Tape: 3; Side: A; Approx. Time Counter: 351 - 398}

Riley Johnson, NFIB, spoke in opposition to this bill.

{Tape: 3; Side: A; Approx. Time Counter: 398 - 402}

Bob Lopp, Allstar Ventures, spoke in opposition to this bill.

{Tape: 3; Side: A; Approx. Time Counter: 402 - 447}

Carol Donaldson, First Interstate Bank, spoke in opposition to this bill.

{Tape: 3; Side: A; Approx. Time Counter: 447 - 459}

Charles Brooks, Billings Chamber of Commerce, spoke in opposition to this bill.

{Tape: 3; Side: A; Approx. Time Counter: 459 - 460}

Pat Keim, Burlington Northern Railroad, spoke in opposition to this bill.

{Tape: 3; Side: A; Approx. Time Counter: 460 - 475}

Steve Turkewicz, Montana Auto Dealers Association, spoke in opposition to this bill.

{Tape: 3; Side: A; Approx. Time Counter: 475 - 482}

Don Allen, Western Environmental Trade Association (WETA), spoke in opposition to this bill.

{Tape: 3; Side: A; Approx. Time Counter: 482 - 492}

Rae Olson, Big Sky Economic Development Authority, spoke in opposition to this bill.

{Tape: 3; Side: A; Approx. Time Counter: 492 - 500}

Informational Testimony: None

Questions from Committee Members and Responses:

REPS. GALLIK AND MENDENHALL questioned both Mr. Brown and Mr. Barrett their opinion as to where the programs should be cut and if they could prioritize those cuts.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 72}

Closing by Sponsor:

REP. BUZZAS closed the hearing on HB 576 and stated to the Committee that there needs to be discussions regarding the Office of Economic Development and whether the State of Montana needs this office. She suggested that the OED could be "absorbed" into the Department of Commerce.

{Tape: 3; Side: B; Approx. Time Counter: 72 - 157}

EXECUTIVE ACTION ON HB 519

Motion: **REP. GALVIN-HALCRO** moved that **HB 519 DO PASS.**

Discussion:

REP. MATTHEWS informed the Committee of a customer's story regarding this bill.

Vote: Motion HB 519 failed 8-10 with **REPS. BERGREN, FRITZ, GALVIN-HALCRO, KEANE, MATTHEWS, MCKENNEY, WEISS, and WILSON** voting aye. (roll call vote)

Motion/Vote: **REP. BITNEY** moved that **HB 519 BE TABLED AND REVERSE THE VOTE.** Motion carried 10-8.

{Tape: 3; Side: B; Approx. Time Counter: 157 - 214}

EXECUTIVE ACTION ON HB 577

Motion: REP. BOOKOUT-REINICKE moved that HB 577 DO PASS.

Discussion:

Minimal discussion among Committee members; REPS. MCKENNEY, MATTHEWS and KEANE.

Vote: Motion that HB 577 DO PASS carried 15-3 with REPS. GALVIN-HALCRO, KEANE, and WEISS voting no. (roll call vote)

{Tape: 3; Side: B; Approx. Time Counter: 214 - 260}

EXECUTIVE ACTION ON HB 576

Motion: REP. BITNEY moved that HB576 DO PASS.

Discussion:

REPS. GALLIK, KEANE, STEINBEISSER, and BITNEY all stated that they would oppose this bill. REP. MENDENHALL stated that this bill should get on the House floor for debate.

Substitute Motion/Vote: REP. BOOKOUT-REINICKE made a substitute motion that HB 576 BE TABLED. Substitute motion carried 17-1 with REP. GALLIK voting no. (roll call vote)

{Tape: 3; Side: B; Approx. Time Counter: 260 - 382}

EXECUTIVE ACTION ON HB 543

Motion: REP. GALVIN-HALCRO moved that HB 543 DO PASS.

Motion: REP. GALVIN-HALCRO moved that HB 543 BE AMENDED.

Discussion:

Bart Campbell, Legislative Staffer, explained the amendments. The amendments referred to a change in the title, in sub-section 2, and page 1, line 29.

REPS. GALLIK, KEANE, MORGAN, MATTHEWS AND MENDENHALL discussed these changes. It was determined that the three Amendments that were discussed should be segregated.

Motion: REP. GALLIK moved that HB 543 BE AMENDED; SEGREGATE NUMBER 2 FROM 1 & 3.

Vote: Motion that HB 543 BE AMENDED carried unanimously regarding Amendment #2. (voice vote)

Motion/Vote: REP. GALLIK moved that HB 543 BE AMENDED regarding Amendment #1 and #3. Motion failed 2-16 with REPS. MATTHEWS and WILSON voting aye. (roll call vote)

Motion/Vote: REP. GALLIK moved that HB 543 DO PASS AS AMENDED including Amendment #2. Motion failed 5-13 with REPS. FRITZ, GALLIK, GALVIN-HALCRO, WEISS, and WILSON voting aye.

Motion: REP. GALLIK moved that HB 543 BE TABLED. Motion carried 13-5. (reverse the vote)

EXHIBIT (buh33a05)

{Tape: 3; Side: B; Approx. Time Counter: 382 - 500}
{Tape: 4; Side: A; Approx. Time Counter: 0 - 293}

ADJOURNMENT

Adjournment: 12:03 P.M.

REP. JOE MCKENNEY, Chairman

PAMELA SCHINDLER, Secretary

JM/PS

EXHIBIT (buh33aad)